

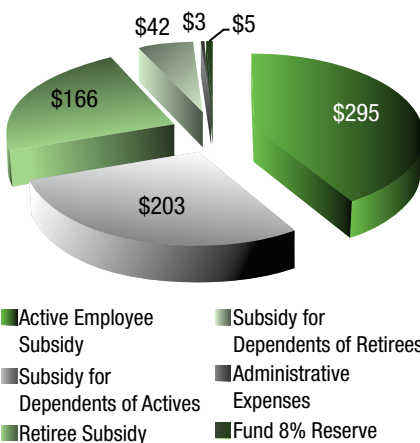


Where do your PEEHIP dollars go?

The primary source of funding for PEEHIP comes from the Legislature's annual appropriation. This amount must provide insurance coverage to roughly 300,000 active and retired members and their covered dependents. For fiscal years 2012 and 2013 this appropriation was/is \$714 per month, per active employee unit – a decrease from \$752 in fiscal year 2011, resulting in a reduction in funding of \$135 million over two years for PEEHIP.

A common fallacy is to assume the \$714 covers the active employees' monthly premium. Not

true. This \$714 amount covers all the costs of providing coverage to active and retired employees and



their covered dependents over and above the monthly premium you

pay. The \$714 amount is a funding method used by PEEHIP and the Legislature to provide the necessary dollars for the PEEHIP program for all participants, not just active employees. The chart breakdowns the \$714 funding. ■

*Learn how to
save \$ on
pages 2 & 3!*

Ask yourself: Do I have the Medicare coverage I need?

If you are age 65 or less than 65 and Medicare eligible due to a disability and either a retiree or a dependent on a retiree account and do not have Medicare Part B, then you **do not** have adequate coverage with PEEHIP! Enroll in Part B during the annual Medicare Part B Open Enrollment period which began January 1 and ends March 31. **Do not postpone enrolling in Medicare Part B!**

The Centers for Medicare &

Medicaid Services (CMS) will enroll you in **Medicare Part A** when you turn age 65 or when you qualify for Medicare due to disability. CMS will ask if you have other coverage and if you want to decline Part B.

DO NOT DECLINE PART B!

What happens if I do not enroll in Medicare Part B?

If you are eligible for Medicare, PEEHIP will not be your primary

payor for services that are covered under Medicare Part B; PEEHIP will only pay secondary. **In that case, you will be responsible for paying 80% of your Part B eligible medical claims.** Additionally, if you do not sign up for Medicare Part B when you are first eligible, you may have to pay a **higher monthly premium** that includes a penalty for the rest of your life!

For more information, visit www.medicare.gov. ■

EXCELLENT NEWS ABOUT PEEHIP SAVINGS!

Free Medications! Free Medications! Free Medications!

Are you taking a hypertension or sedative medication?

If so, you may be eligible for free medications for three months with PEEHIP's Zero Dollar Copay Program* if you currently take one of the brand drugs listed below and switch to the generic alternative drug. PEEHIP will waive your prescription drug copay for up to three months just by switching to the generic alternative drug. If you continue to use the generic drug after your copay waiver has ended, your regular copay for generic drugs will only be \$6 for a 30-day supply. **This is an excellent way to reduce your costs!**

| Brand Drug | Generic Drug |
|---|-------------------------|
| Lunesta, Ambien, Ambien CR, Edluar, Sonata | zolpidem or zolpidem ER |
| Atacand, Atacand HCT, Avalide, Avapro, Benicar, Benicar HCT, Cozaar, Hyzaar, Micardis, Micardis HCT, Teveten, Teveten HCT | Losartan, losartan hctz |

* Does not apply to PEEHIP's Medicare GenerationRx drug program.

Expecting a baby? Wonderful! Learn how to save \$200

Have your \$200 deductible for your hospital delivery **waived** by enrolling in the Baby Yourself program for expectant mothers* covered by PEEHIP. Baby Yourself is a prenatal wellness program that helps ensure that expectant mothers and their babies receive the best possible health care during pregnancy. Baby Yourself is available **at no cost** to expectant mothers who are enrolled in the PEEHIP Hospital Medical Plan.

Enroll in the first trimester to qualify to have your \$200 deductible waived. You will also receive useful gifts that encourage healthy habits, proper prenatal care, and quality nursing assistance that can help you understand the changes and challenges of pregnancy.

Call Blue Cross today at 800.222.4379 or register online at www.bcbsal.com/baby. The goal of Baby Yourself is to have healthy mothers and babies. Statistics show that mothers who participate in the Baby Yourself program have less complications and fewer premature babies. Watch the *Baby Yourself, A Prenatal Wellness Program* video at www.bcbsal.org/health/behealthyvideo.cfm and hear from mothers who have participated in the program and the nurses who assist and support participants throughout their pregnancy.

* PEEHIP does not cover maternity benefits for dependent children of any age regardless of marital status.

PEEHIP offers assistance with lowering your PEEHIP hospital medical premiums

How can I pay a lower PEEHIP premium? PEEHIP provides premium assistance to its members with a combined family income of less than or equal to 300% of the Federal Poverty Level (FPL) as defined by Federal Law. The discount can reduce the member's monthly PEEHIP hospital medical premium by 10, 20, 30, 40 or 50% depending on the income level. This program is referred to as the PEEHIP FPL Discount Program and all active employees and retired employees are eligible to participate.

If you are enrolled in PEEHIP's Medicare GenerationRx Part D program and you qualify for "Extra Help" (on page), you may also qualify

for the PEEHIP Federal Poverty Level Discount Program (FPL). **If you have not applied for the FPL discount, PEEHIP strongly encourages you to do so.**

How can I apply? To apply for the FPL assistance, PEEHIP members must complete the Federal Poverty Level Assistance Application and furnish acceptable proof of total income based on their most recently filed Federal Income Tax Return. PEEHIP requires a signed copy of your prior year's Federal Income Tax Return form 1040, 1040A, or 1040EZ along with copies of all supporting 1099s and W-2s. You can download the FPL application from the PEEHIP website at www.rsa-al.gov/

PEEHIP/peehip-pubs-forms.html or call Member Services at 877.517.0020 and request an application be mailed to you.

When can I apply? Members can apply anytime during the year. If approved, the discount will be effective the first day of the second month after the receipt of the application and will apply for the remainder of the plan year. Re-certification is required annually during Open Enrollment.

What if I am not required to file a tax return? If you feel you qualify for the FPL discount but are not required to file a tax return, you may want to file one anyway so that you can apply for the FPL discount. ■

Get “Extra Help” with prescription drug copays

How can I pay a smaller copay? The Low Income Subsidy (LIS), also known as “Extra Help,” is administered by the Social Security Administration (SSA) and helps qualified individuals who have limited income and resources pay their Part D copays under PEEHIP’s Medicare GenerationRx group Part D plan.

The LIS program is a win-win situation for the member and PEEHIP because our qualified members pay lower copays or no copay at all, depending on their income and resources. PEEHIP also receives a subsidy from CMS for the amount of the copay that the member did not have to pay as well as the remaining cost of the drug.

How do I qualify for Low Income Subsidy or “Extra Help”? Some of our members automatically qualify for

the LIS and do not have to apply for the program. Medicare mails a letter to these members letting them know they were automatically qualified and notifies them of the reduced amount of their copays. This “deemed” group includes:

- ◆ Full dual eligibles (those on Medicare and full Medicaid)
- ◆ Partial dual eligibles (those on a Medicare Savings Program such as Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and Qualified Individual (QI))
- ◆ SSI recipients who have Medicare but not Medicaid

Can I still qualify for LIS if I am not on the programs listed above? Other “undeemed” individuals may qualify if their income and assets are within LIS program limits. Calculation

of income and assets follow SSI rules. **PEEHIP strongly encourages you to apply if you feel you qualify.** To see if you qualify for getting “Extra Help” or to check the status of your application if you have applied, you may call any of the following:

- ◆ 800.MEDICARE (800.633.4227)
TTY users 877.486.2048,
24 hours a day, 7 days a week
- ◆ Social Security 800.772.1213 (TTY users 800.325.0778), between 7 a.m. to 7 p.m., Monday – Friday
- ◆ Your State Medicaid Office
- ◆ The State Health Insurance Assistance Program (SHIP) can also assist you with applying for “Extra Help” 800.243.5463 or 334.242.5743 or on the web at www.alabamaageline.gov/healthcare. ■

Benefit Comparison

PEEHIP’s Part D coverage is much better than the Standard Part D coverage

On January 1, 2013, PEEHIP began offering a group Medicare Part D plan called Medicare GenerationRx to its retired Medicare-eligible members and Medicare-eligible dependents. PEEHIP has always recommended and continues to recommend that its retired Medicare-eligible members **not** enroll in a Standard Medicare Part D plan.

The chart details how PEEHIP’s group Part D plan is far superior to any Standard Medicare Part D plan. Under Medicare GenerationRx, our members do not pay an annual deductible, and there is no donut hole or coverage gap. Our members will never pay more than the PEEHIP copay tier for their prescription drugs, and there may be a reduced copay for members who move into the Catastrophic Stage depending on the cost of the drug. Even more savings exist for some members, who will pay less or no copay at all, depending on their income level. See “**Extra Help**” article above.

| Stage | PEEHIP Part D Coverage | Standard Part D Coverage |
|--------------------|---|---|
| Deductible stage | PEEHIP has NO deductible. | Requires \$325 annual deductible. |
| Initial stage | Our members pay NO MORE than PEEHIP’s copay tier structure of \$6 for generic, \$40 for preferred brand, or \$60 for non-preferred brand drugs, for a 30-day supply. | Copay is 25% of the formulary drugs. |
| Gap stage | Our members have NO gap in coverage and NO donut hole. Our members pay no more than PEEHIP’s copay tier structure of \$6 for generic, \$40 for preferred brand, or \$60 for non-preferred brand drugs, for a 30-day supply. | Requires a gap in coverage known as the donut hole. Copay is 50% for brand drugs and 70% for generic drugs. |
| Catastrophic stage | Our members may pay LESS for drugs in this stage but never more than PEEHIP’s copay tier structure. | Copay is the greater of 5% drug cost or \$6.60 for brand drugs and \$2.65 for generic drugs, for the rest of the coverage year. |



Pharmaceutical Manufacturer Coupons & Part D Rules

"Last year, I used a manufacturer coupon at my pharmacy to reduce my copay. Under my Medicare GenerationRx Part D plan, my pharmacist says I can't use the coupon. Why?"

The Federal Anti-Kickback Statute prohibits copay coupon use in Medicare Part D plans. This applies to PEEHIP's Medicare GenerationRx group Part D plan. Manufacturers' copay coupons include a statement that federal health care program beneficiaries and Medicare Part D are excluded.

A 2010 report from the Congressional Budget Office found that Medicare pays an additional \$76 every time a brand-name drug is chosen over a generic. Brand drugs cause Medicare to

pay more than necessary; this cost ultimately falls on taxpayers and PEEHIP. Generic medications contain the same active ingredients as their brand name equivalents, but may vary in color and shape.

Help is available if you are having trouble paying for your medications (see **"Extra Help"** on page 3). You may qualify for reduced copayment help from Medicare. Certain pharmaceutical programs also provide medications free of charge or at reduced cost. Additionally, consider contacting your local State Health Insurance Assistance Program (SHIP). SHIP counselors offer free advice and can help you with your Medicare questions. The Alabama SHIP can be reached at 800.243.5463 or 334.242.5743 or on the web at www.alabamaageline.gov/healthcare. ■

TriCare & VA work well with PEEHIP's Medicare GenerationRx Part D program Medicare Advantage (Part C) Does Not

TriCare (military health benefits) and Federal Employee Health Benefits (FEHB) Program: If you have TriCare or FEHB and PEEHIP's Medicare GenerationRx, you can keep your TriCare or your FEHB plan but PEEHIP's Medicare GenerationRx will pay primary and your TriCare or FEHB pays secondary.

If you wish for TriCare or FEHB to pay primary for your prescription drugs, you must opt-out of PEEHIP's Medicare GenerationRx program by cancelling your PEEHIP Hospital Medical coverage altogether. Before you choose this option, be sure you have determined that TriCare or FEHB will pay secondary to Medicare on your hospital and medical coverage in addition to paying primary for your prescription drugs. If you opt-out and decide you want to re-enroll in PEEHIP's hospital medical coverage, you may do so but you must wait until PEEHIP's next annual Open Enrollment period to re-enroll for an October 1 effective date.

Veterans' benefits (VA): Our members can have VA benefits and Medicare GenerationRx drug coverage at the same time, but if you do, you cannot use both types of coverage for the same prescription at the same time. For example, you can choose to have your prescription drugs filled at a VA pharmacy using your VA drug benefits, but you cannot use your Medicare GenerationRx coverage at a VA pharmacy. Or, you can choose to have your prescription drugs filled at a participating pharmacy (non-VA pharmacy) using your Medicare GenerationRx coverage but you cannot use your VA drug benefits.

Medicare Advantage Plans: A Medicare Advantage Plan, also called Medicare Part C, includes both Part A (Hospital Insurance) and Part B (Medical Insurance) and is provided through private insurance companies approved by Medicare to provide this coverage. Members who enroll in a Medicare Advantage Plan (with or without Standard Part D coverage) will lose their PEEHIP Medicare GenerationRx coverage because the Centers for Medicare & Medicaid Services (CMS) does not allow a member to be enrolled in a group Part D plan and a Medicare Advantage Plan at the same time.

If you wish to be enrolled in PEEHIP's Medicare GenerationRx coverage, you will need to cancel your Medicare Advantage plan by contacting that plan directly and requesting to disenroll. Please notify PEEHIP of your disenrollment so that we can enroll you in the Medicare GenerationRx coverage. Disenrollment in your Medicare Advantage plan will automatically enroll you in Original Medicare which includes Part A and Part B coverage. Original Medicare works in conjunction with PEEHIP's Medicare GenerationRx prescription drug plan. ■